

Ch. att to - R. Bon

7 May 1954

~~MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE~~

SUBJECT: DIA 65-44: The Probable Outlook for Indonesia
through 1954

~~BACKGROUND~~

1. This estimate, which will be considered by the IAC on 11 May, is designed to review and bring up to date the necessarily preliminary judgments contained in DIA-7, "The Significance of the New Indonesian Government", as approved by the IAC on 15 September 1953. DIA 65-44 is a short-range estimate directed primarily at determining (a) the likelihood of the early replacement of the present government by one more friendly to the Communists and (b) the extent to which Communist interests are benefitting from the present situation. In our next set of recommendations regarding the estimate program, we will probably propose scheduling of a new estimate on Indonesia during the second quarter of 1955.

2. This estimate was initiated at the suggestion of the Board of National Estimates as a routine paper. To the best of our knowledge, early review of the present DIA policy paper on Indonesia (DIA 171, approved in November 1953) is not contemplated at this time.

~~DISCUSSION~~

3. The IAC representatives appeared to be generally satisfied with the analysis contained in DIA 65-44, and, except possibly as noted below, we do not expect that any major changes will be proposed at the IAC meeting.

4. The only serious substantive disagreement to arise at the IAC representatives level involved projection of the Communist trend during 1954. While agreeing that the Communists would not be capable of gaining control of the government during 1954, one (with the support of the other Service agencies) argued that the estimate should clearly "flag" the danger that the Communists would eventually gain such a capability should the present government remain in office for an extended period.

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CTR and C/NR, which have grave doubts that the present government will in fact be able to hold on much beyond 1964, argued that the statement proposed by D-2 would have little meaning unless accompanied by an estimate on this point. However, in view of the uncertainties of the situation, neither side was prepared to make such an estimate.

5. A compromise solution was finally reached through insertion of the following sentence in para. 3 of the Conclusion and para. 23 of the Discussion:

"Should a weakening of the opposition enable the present government to retain office for a protracted period beyond 1964, the Communists' capabilities for ultimately dominating the government would greatly increase and could lead to a situation seriously prejudicial to US security interests in Southeast Asia."

This sentence has been specifically accepted by both D-2 and OIR and has been informally cleared by the Air Force and ADI. However, the JIC representative has indicated that his superiors are not satisfied with this sentence and may decide to propose deletion of this sentence and insertion of a new paragraph to follow Conclusion 3 pointing out the post-1964 Communist danger in stronger terms.

FOR THE BOARD OF NATIONAL ESTIMATES:

[Redacted]

Acting Chairman

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O/NE: [Redacted]
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